Sweden Sverige

BUSINESS CLIMATE SURVEY FRANCE 2024

A REPORT FROM TEAM SWEDEN IN FRANCE

TABLE OF CONTENTS

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FOREWORD

With more than 68 million inhabitants, France is the second largest economy in the European Union in terms of GDP, and the seventh largest economy in the world. France has historically been an important trade partner for Sweden and this relationship keeps growing. From a market perspective, France remains one of Sweden's biggest trading partners (8th in terms of exports and 10th in terms of imports) with the weaker SEK currency exchange of 2023 bolstering Swedish export growth.

For the fifth year in a row, the EY Barometer 2024 declared France as the most attractive country in Europe for Foreign Direct Investment (FDI) projects. Despite a downward trend in FDI projects in Europe in 2023, France managed to maintain its attractiveness among investors and attracted a total of 1,194 international investments projects, creating 39,773 jobs. Sweden is an historic leader of Nordic investments in France and today France is the largest recipient of Swedish investments in Europe. The country received 28 investment projects from Sweden in 2023. Approximately 460 Swedish companies have local establishments on the French market with more than 95,000 employees, so France is an important European market both for trade and investments.

Key findings of the Business Climate Survey 2024 include that confidence in the market and profitability remains strong among Swedish companies in France. 80 per cent of the respondents had a neutral to very good perception of the business climate in France and 82 per cent of Swedish companies reported a profitable financial performance in this year's report (an 18 per cent increase from last year's survey). In total, 77 per cent of the Swedish companies in France plan to maintain or increase their local investments. Sustainability continues to be highlighted as an important aspect in this year's survey where a great majority of the respondents expressed that their customers attach value to environmental aspects. In line with previous year's Business Climate Surveys, this could offer opportunities for Swedish companies that are pioneers in green solutions and new smart technologies.

French-Swedish collaborations for sustainable businesses are also encouraged through the Strategic Innovation Partnership Agreement, entered by Sweden and France in 2017 and renewed in an updated version during the State Visit from France to Sweden in January 2024 by Swedish Prime Minister Ulf Kristersson and French President Emmanuel Macron.

The Business Climate Survey in France is part of the global Business Climate Survey by Team Sweden, based upon the partnership created in 2019 between Business Sweden and Swedish Chambers International. Its purpose is to increase the understanding of the French business climate from a Swedish company perspective and their subsidiaries in France, as well as their performance in France, and the opportunities and challenges they perceive on the French market. In addition, it may serve as a reference in bilateral trade dialogues between Sweden and France.

We would like to extend our most sincere gratitude to the participating companies and partners who have contributed to this report, and we look forward to supporting the continued trade and business development between Sweden and France.

Sources: Business France "2023 Annual Report on Foreign Investment in France", EY Barometer and Attractiveness Survey 2024, Government Offices of Sweden, INSEE, Investopedia, SCB, Statista

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EXECUTIVE SUMMARY

The Business Climate Survey in France is part of the global Business Climate Survey conducted in 24 markets in the world and aims to increase the understanding of the French business climate from the perspective of Swedish companies and their subsidiaries in France. This year's survey collected answers from 89 local executives representing Swedish companies in France.

During 2023, the French market showed resilience in a time of economic uncertainty. About half of the respondents (49 per cent) believe that the turnover in their industry will increase in the coming year and 82 per cent of the respondents described their financial performance as profitable in 2023. Seventy-seven per cent plan to increase or maintain their investments in the upcoming 12 months, showing a continued engagement from Swedish companies on the French market.

Swedish companies have a stable presence in France, and the survey results confirm that the confidence in the market remains largely positive, albeit slightly less optimistic compared to last year in the face of global economic uncertainty. A minority of Swedish companies in France encounter trade barriers in France with negative impact on their operations, where regulations were mentioned as the most challenging factor. Swedish companies are continually satisfied with the overall business environment where all factors were rated as positive. Market conditions for safe and efficient operations and access to critical value chain actors score particularly high ratings.

For the fourth year in a row, a vast majority (84 per cent) of the respondents indicate that they are involved in marketing and sales activities. In line with this finding, marketing and sales competence is ranked as the most important factor in maintaining competitiveness. The French continues to have a positive view on Sweden, whereby 77 per cent of the participating companies consider that the Swedish brand contributes positively to their businesses.

France shares many similarities with Sweden in terms of the importance that is attached to sustainable business conduct. The companies surveyed report that environmental aspects remain an important consideration in customers' purchasing decisions: 78 per cent of the respondents expressed that their customers attach value to environmental aspects. France also enjoys a good reputation for its low level of corruption, human rights abuse, and human rights violations with almost no reported cases.

> **“2024 is a particular year for France because the Olympics Games are taking place, which has an impact on projects and investments, where some are pausing during this time.**
> **Fabrice Sautière**
> Managing Director,Roxtec France

> **“We benefit a lot from being a Swedish company in France, because France favours Sweden in general, and Swedish technology and companies more specifically.**
> **Camille Pertusot**
> Head of France, SAAB

89 respondents France

Current business climate

Continuously positive but more neutral view on the business climate in France

Industry turnover

49%

of Swedish companies expect their industry turnover to increase

Future investments

77%

of Swedish companies plan to increase their investments slightly or significantly in the next 12 months

Globally valued success factors

1. Sales competence
2. Brand Awareness
3. Service Development

Brand Sweden

77%

of Swedish companies in France consider Brand Sweden beneficial for business

Local conditions with high satisfaction

1. Physical infrastructure
4. Personal safety
5. Distributors

Local conditions with least satisfaction

1. Corporate taxation
2. Labour market regulation
3. Licenses, permits and approvals

Environmental considerations

78%

of respondents believe the environment is a considerable factor in their customers' purchasing decisions

Corruption

Very low risk in France

Human rights violation and labour rights abuse

Very low risk in France

ABOUT THE SURVEY

A Team Sweden Collaboration

The Business Climate Survey is a Team Sweden project based upon a partnership created by Business Sweden and Swedish Chambers International in 2019. The survey is conducted among Swedish companies in 24 markets worldwide with insights from a total of more than 1,600 respondents.

It is an important tool to map opportunities and challenges that Swedish companies or their subsidiaries face when doing business abroad. Since 2020, the survey is organised on a yearly basis to track and analyse market conditions and the performance of Swedish companies abroad. This report will present the results from the French market.

By providing key facts on the French economic outlook as well as insights on Swedish companies and their success factors in the French market, Team Sweden hopes to assist institutions, investors, and other relevant stakeholders to support the development of Swedish investments and business activities in France.

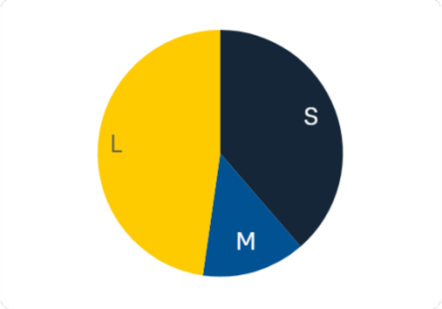
This year, the survey was sent out to a selected sample of 350 local executives representing Swedish companies in France, 89 of which provided answers. This sample size is sufficient to represent Swedish companies and their subsidiaries in France.

The report is divided into the following sections: Economic Outlook, the Market, How Swedish Companies Succeed in France, and Acting Sustainably.

The answers were collected between February 12th and March 4th, 2024. Interviews were conducted later with selected companies to gain a deeper understanding of the factors behind their survey responses.

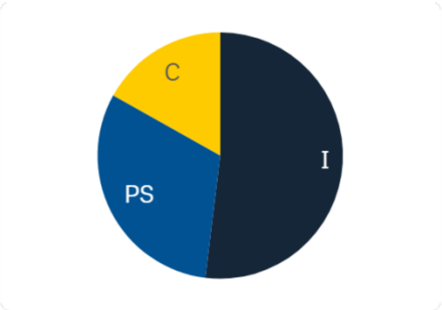
Of the survey respondents, 48 per cent represented large companies, 14 per cent medium-sized companies and 39 per cent small companies, in terms of global number of employees. However, many of the subsidiaries identified in this survey have small local structures in France, reflected in that 78 per cent of Swedish companies in France employ between 0-249 local employees. Of the respondents, 52 per cent are from the industrial sector, 31 per cent are from the professional services sector and 17 per cent are from the consumer product sector. The majority (63 per cent) of the participants are mature companies that have operated in France for more than twenty years. Six per cent are newcomers with only a few years of experience in the French market.

SIZE OF COMPANIES



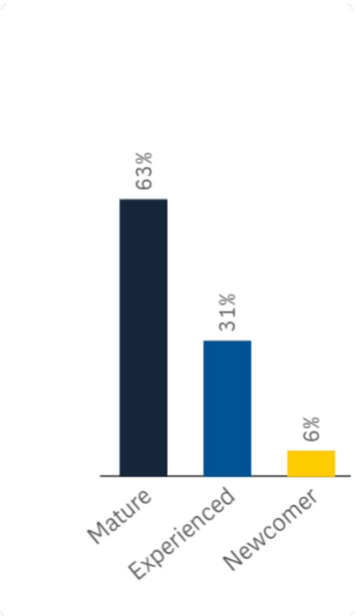
NOTE: Global employees. 48% of Large >1000. 14% of Medium 250-1000. 39% of Small 0-249.
The graph adds up to more than 100% due to rounding.

MAIN INDUSTRY



NOTE: Industrial 52%. Professional services 31%. Consumer 17%.

AGE OF COMPANIES



NOTE: Mature (-2002). Experienced (2003-2018). Newcomer (2019-)

ECONOMIC OUTLOOK

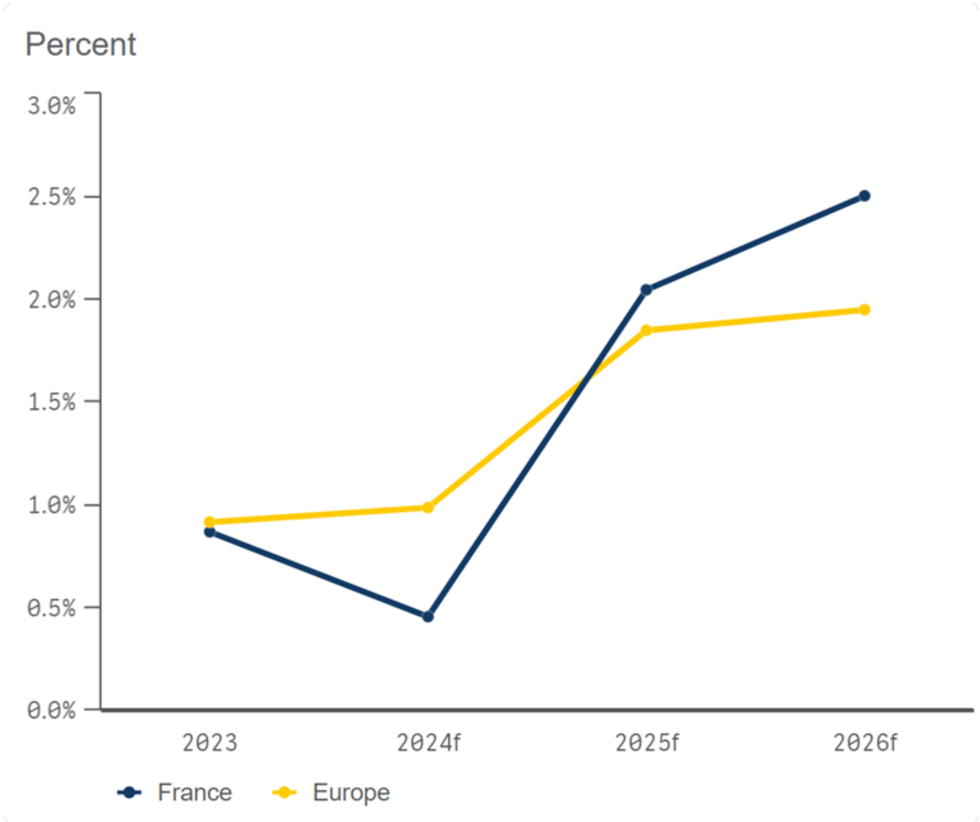
French economy to remain subdued in 2024 but is expected to regain momentum by 2025

As presented in the graph below, the effects of geopolitical instability, surging energy prices and rising inflation are predicted to continue to affect the French economy in 2024, resulting in a slower economic recovery than anticipated. The European Commission projects the economic activity in France to remain subdued in 2024 (0.7 per cent in annual GPD growth) after a notable economic slowdown in the second semester of 2023. However, the expected moderation of inflation, as well as easing of financial conditions in the latter half of 2024, suggests projected regained momentum to 1.3 per cent annual GDP growth in 2025.

Although France's projected GDP growth is below the European forecast (+1.0) the French market remains stable compared to other EU markets and continues to attract foreign investments. In 2024, France was crowned the most attractive European destination for foreign direct investments by the EY Barometer 2024 for the fifth year in a row, ahead of the UK and Germany. In this same survey, 76 per cent of the respondents estimated France's attractiveness to improve over the next three years. This is a 23 per cent increase compared to 2023, suggesting a gain in investor confidence in France.

Inflation in France is expected to significantly decrease in 2024, after a peak of seven per cent in the first quarter of 2023 and a gradual decrease to 4.2 per cent in the fourth quarter, attributed primarily to a decline in energy and commodity prices. In Q1 of 2024, this number fell further to three per cent, particularly because of the pass-through of commodity and energy prices to that of industrial goods. Inflation is expected to continue declining in 2024, to reach an average of 2.5 per cent in 2024, and two per cent in 2025. This positions France below the EU projected average of 2.7 per cent in 2024, and 2.2 per cent in 2025.

PROJECTED GDP GROWTH IN FRANCE



NOTE: Constant prices and exchanges rate, US$.
SOURCE: Oxford Economics 12 March 2024

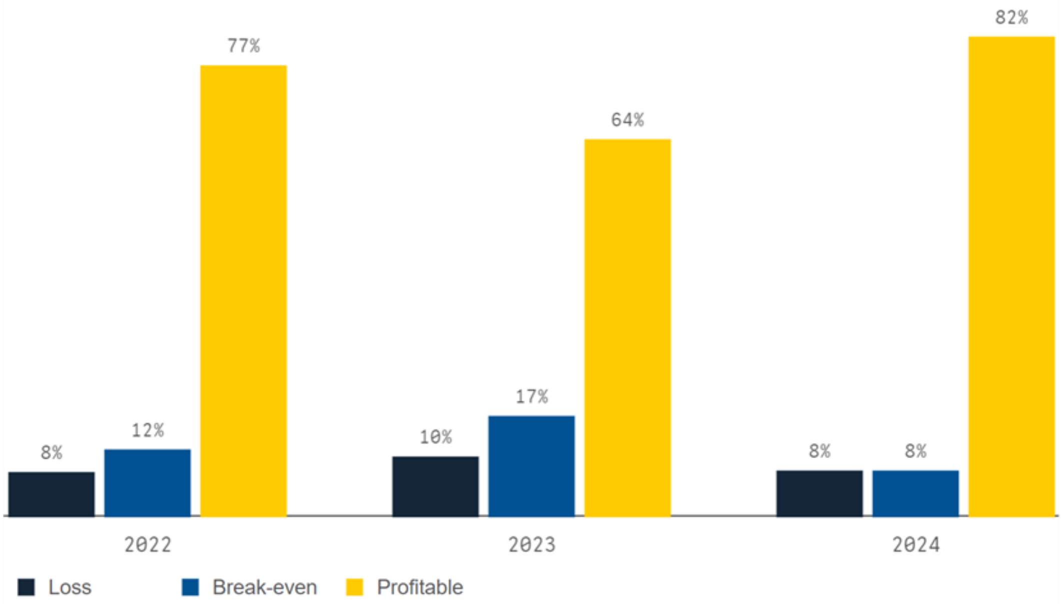
A large majority of Swedish companies were profitable in 2023

In 2023, 82 per cent of Swedish companies reported a profitable financial performance, which is an 18 per cent increase compared to last year's Business Climate Survey. Eight per cent of companies declared a loss in 2023, compared to 10 per cent in 2022.

An overwhelming majority of the large (90 per cent) and medium sized companies (92 per cent) described their financial performance as profitable during 2023, while a less significant but still substantial majority of 67 per cent of small companies reported profits. In terms of level of experience, 89 per cent of mature companies describe themselves as profitable, compared to 77 per cent of experienced companies and 75 per cent of newcomers. The highest level of loss was reported among newcomers (25 per cent), compared to 8 per cent of experienced companies, and only four per cent of mature companies.

This year's Business Climate Survey shows that companies operating in the industrial sector most frequently described their financial performance as profitable in 2023, with (93 per cent) of companies within the sector reporting profitability, compared to 75 per cent for professional services and 77 per cent for the consumer sector. These numbers have increased across the board compared to 2022, when 79 per cent of companies within the industrial sector described their financial performance as profitable, against 65 per cent for professional services and 50 per cent for the consumer sector.

HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN FRANCE IN 2023?



NOTE: The number of respondents for this question was 88. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in France 2024.

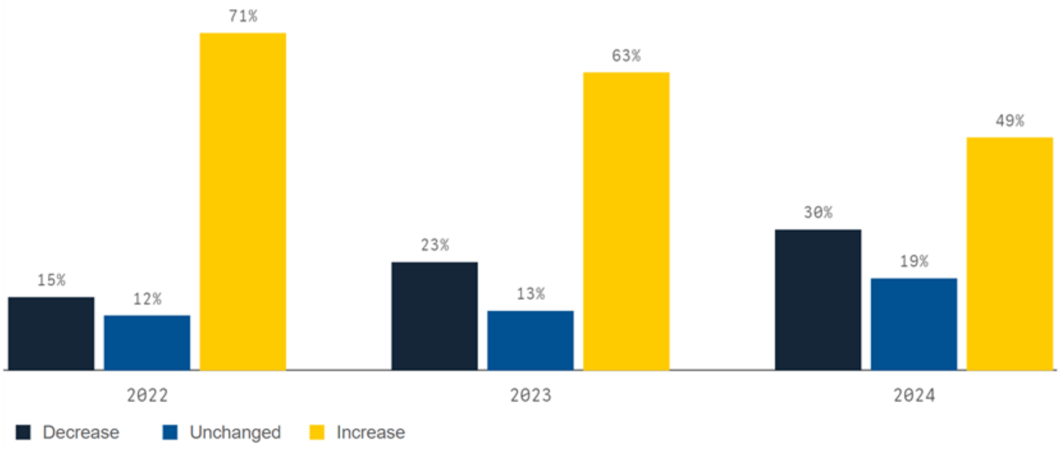
Half of Swedish companies in France expect an increase in their industry`s turnover in the next 12 months

Regarding the financial predictions for the upcoming 12 months, about half of the responding companies expect that the turnover in their industry is going to increase. Of the respondents, 49 per cent expect that the turnover in their industry will increase either significantly or slightly, while 19 per cent expect turnover to remain unchanged, and 30 per cent expect a decrease. The share of respondents expecting an increase in turnover has declined over the last three years, from 63 per cent in 2023, and 71 per cent in 2022, but remains significantly higher than in 2020 when only 35 per cent of respondents expected their turnover to increase.

While company size appears to have had little impact on projected turnover, the outlook is particularly positive among newcomers in the French market, who unanimously (100 per cent) expect an increase in turnover in the next 12 months, compared to 49 per cent among mature companies, and 42 per cent among experienced companies.

Regarding the industry sector, the industrial sector appears particularly polarised, with 50 per cent of the companies in the sector expecting an increase, against 43 per cent expecting a decrease. In comparison, professional service respondents followed similar trends, with 38 per cent of professional and consumer industries, respectively, reporting the expectation of an unchanged turnover in the next 12 months.

COMPARED TO THE DEVELOPMENT IN THE PAST 12 MONTHS, WHAT ARE YOUR EXPECTATIONS FOR THE COMING 12 MONTHS FOR YOUR INDUSTRY IN FRANCE REGARDING TURNOVER?



NOTE: The number of respondents for this question was 88. “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in France 2024.

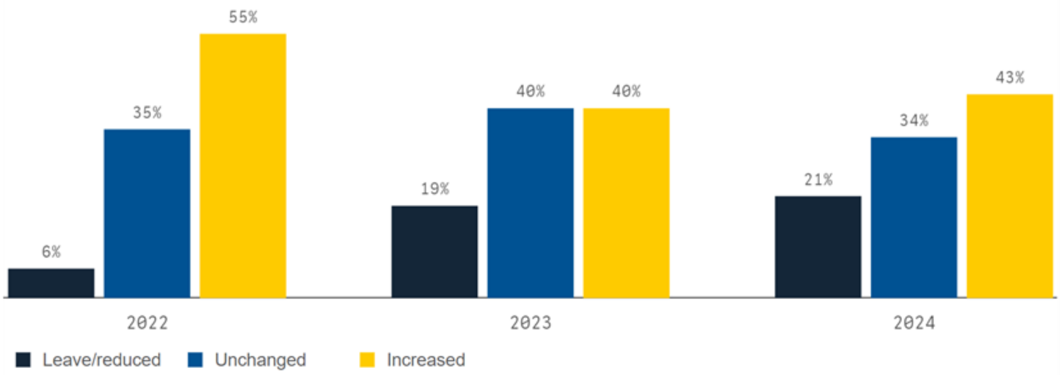
> **“Clients take more time to make decisions to ensure that they are choosing the best alternative in the market (cost wise etc.). Diversification of clients, industry segments and geographic locations have been important for us to balance this risk.**
> **Fabrice Sautière**
> Managing Director,Roxtec France

77% of Swedish companies in France plan to increase or maintain investments

This year’s survey shows that a large majority (77 per cent) of companies plan to maintain or increase their investments in France, with a three per cent increase of companies planning to increase investments compared to 2023. However, the level remains lower than in 2022, when 90 per cent of companies were planning to maintain or increase their investments. Of the respondent, 21 per cent companies indicated reduced investment plans, which is slightly more than last year. However, no companies indicated intentions to leave the market. Similarly to last year, this adverse trend can, to an extent, be attributed to global political and economic factors, rather than being related to French market specificities alone.

The continued trust in the French market and economy is also reflected in Business France’s annual report on foreign investments in France which showed that in 2023, 1,815 investment decisions were identified, compared to 1,725 in 2022. These investment decisions will enable 59,254 jobs to be created or maintained over a three-year period. For the fifth year in a row, the EY Barometer 2024 stated France as the most attractive country in Europe in terms of Foreign Direct Investments. Out of the Nordic countries’ investment projects launched in France in 2023, Sweden ranks highest (13th overall), with 28 new projects in 2023.

WHAT ARE YOUR COMPANY'S INVESTMENT PLANS FOR THE COMING 12 MONTHS IN FRANCE, COMPARED TO THE PAST 12 MONTHS?



NOTE: The number of respondents for this question was 89. “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in France 2024.

“I think the decrease in investments is in relation to the risk in the market right now, however we as a company, are maintaining our strategy of expansion.

Henrik Nilsson
CEO, GN Transport

“The trend for investments in France is positive, but a potential shift in the French and European political landscape might create some uncertainties.

Camille Pertusot
Head of France, SAAB

THE MARKET

Continued stable presence of Swedish companies in France

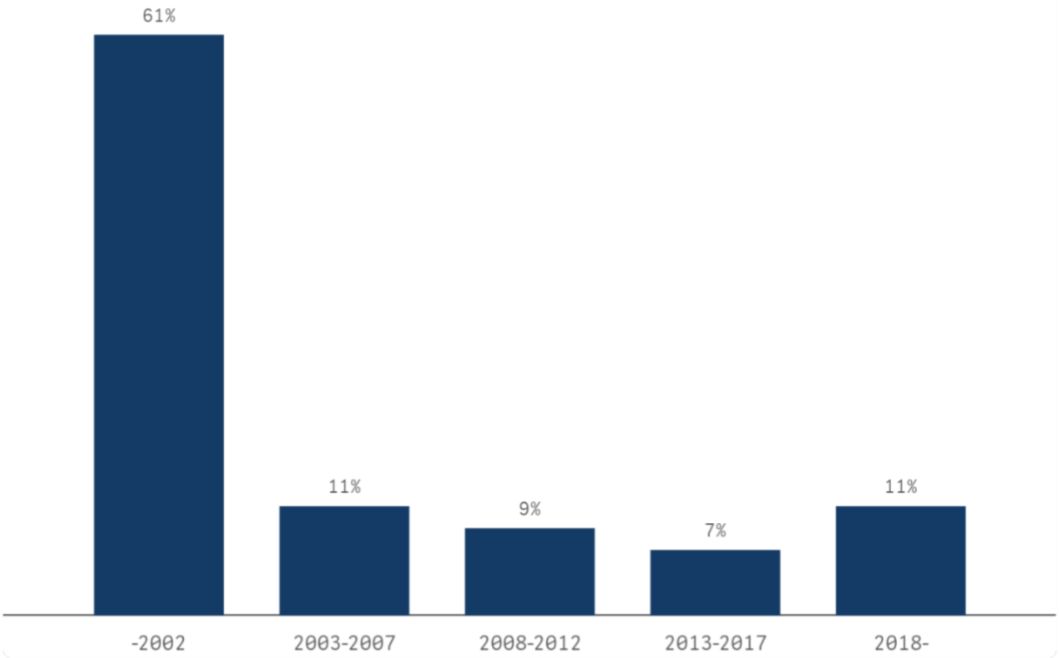
With 68 million inhabitants, France is the second largest economy in the EU in terms of GDP, and the seventh largest economy in the world. The French market is a business powerhouse for large corporations. In 2023, France had 23 companies on the Fortune 500 list, with the Paris region having Europe's highest concentration of Fortune 500 global corporate headquarters. From a labour-market perspective, France has a robust supply of skilled labour, and workers with high-level qualifications is expected to remain at a higher level than the EU-27 average forward.

France's strong supply of skilled labour, its highly developed infrastructure, and historical structural reforms to promote domestic industry, are some of the factors considered as attractive by foreign investors. In 2023, France was Sweden's eighth largest trading partner in terms of exports and 10th largest partner in terms of imports. Swedish exports to France accounted for 93 billion SEK and has been on an upward trend since 2020.

Approximately 460 Swedish companies have established operations in France and the vast majority of Swedish companies established in France have been active on the market since the last century. Yet, the past 20 years have also shown a steady inflow of new-coming Swedish companies. Of the companies responding to the survey, 38 per cent established their operations from 2003 and onwards, and 11 per cent started their business in France from 2018.

Sources: *Cedefop, EY Barometer and Attractiveness Survey 2024, Fortune 500, INSEE, Investopedia, L'Institut Paris Region, Invest in France, SCB, Statista*

IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN FRANCE?



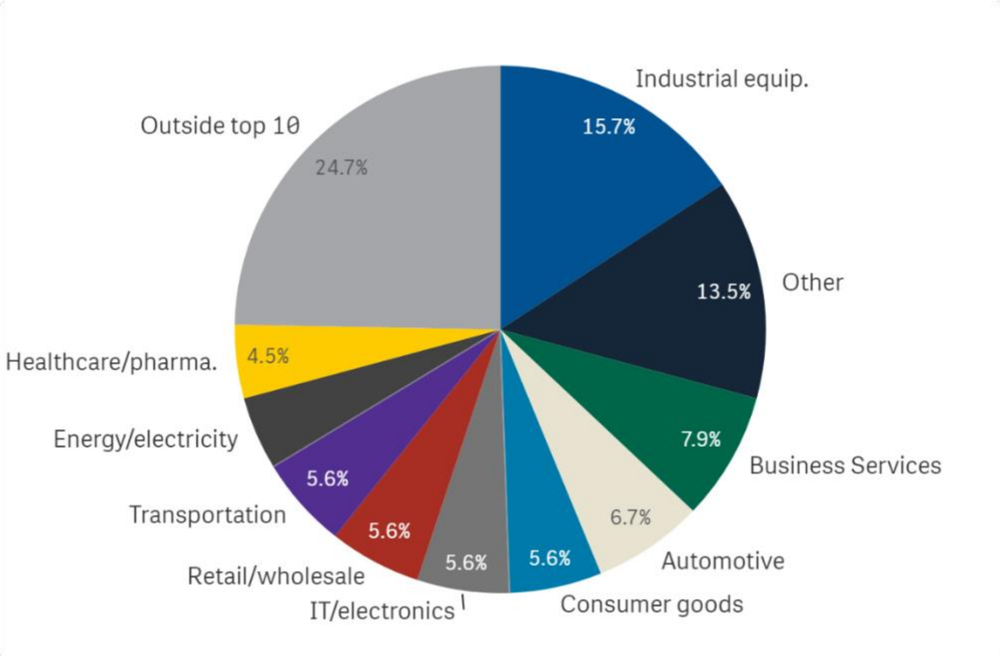
NOTE: The number of respondents for this question was 87. “Don’t know/Not applicable” responses are included but not shown in figure. Response percentages do not add up to 100 as “undecided” answers are excluded in the graph.
SOURCE: Business Climate Survey for Swedish Companies in France 2024.

The French industry is highly diversified, with aerospace, automotive, and nuclear representing the three largest industrial sectors. France is the EU’s largest producer of nuclear power. In 2023, 559 investment projects were made within the priority sectors of healthcare, energy, automotive, and aerospace targeted by “France 2030” – the French Investment Plan. Opportunities for Swedish companies are, however, abound in most sectors.

Source: Business France “2023 Annual Report on Foreign Investment in France”, Eurostat, EY Barometer and Attractiveness Survey 2024

The companies that participated in this year's survey represented a diverse set of industries. Similar to last year's survey, Industrial Equipment (15.7 per cent), Business Services (7.9 per cent), and Automotive (6.7 per cent) were the three most represented industries.

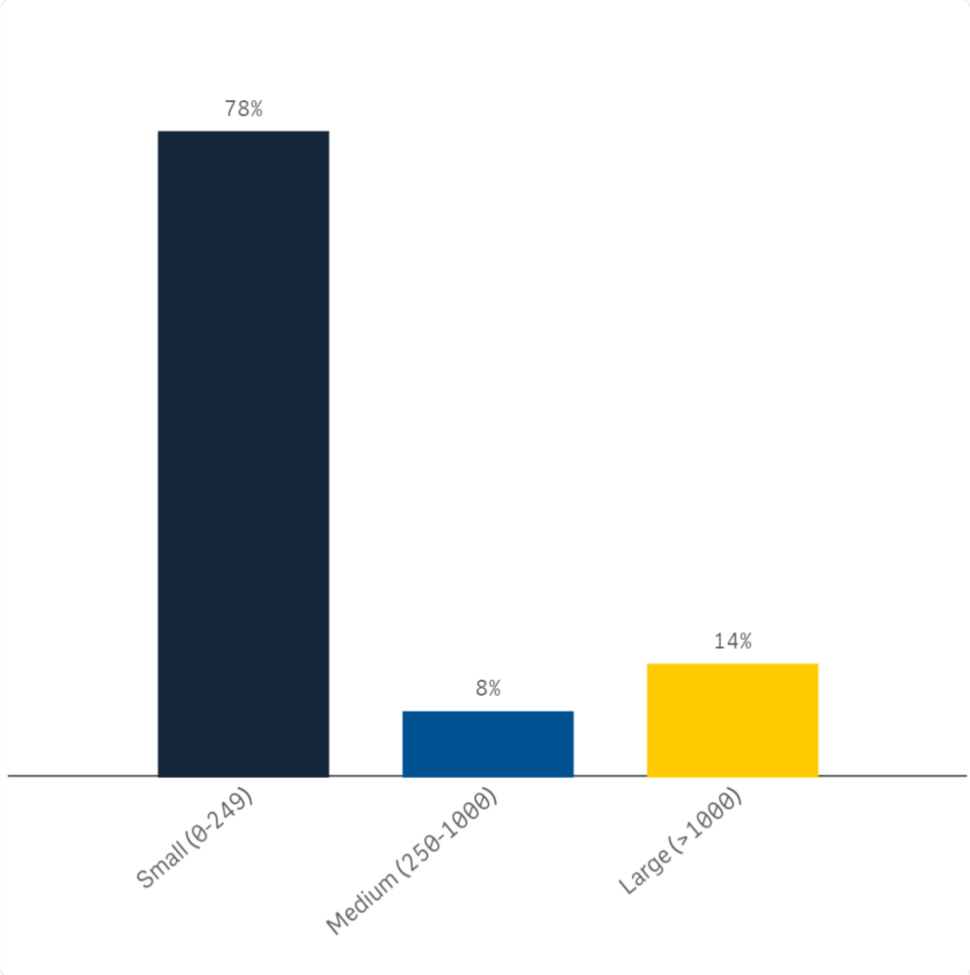
WHAT IS YOUR COMPANY'S MAIN INDUSTRY IN FRANCE?



NOTE: The number of respondents for this question was 89. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in France 2024

Out of the companies that participated in the survey, a large majority (78 per cent) of the subsidiaries in France are small in terms of workforce, employing between 0-249 local employees. Companies that have a local workforce of more than 1,000 employees represent 14 per cent and eight per cent of the companies in this year's sample have between 250 and 1,000 local employees.

SWEDISH FIRMS' LOCAL NUMBER OF EMPLOYEES IN FRANCE IN 2024



NOTE: The number of respondents for this question was 87. "Don't know/Not applicable" responses are included but not shown in figure. SOURCE: Business Climate Survey for Swedish Companies in France 2024.

Confidence in the French market is still largely positive, albeit slightly less optimistic compared to last year

In total, 80 per cent of the respondents have a neutral or good/very good perception of the business climate in France. While Swedish companies' view on the business climate in France is still largely positive, an increasing number of respondents perceive the business climate as very poor/poor when compared to last year's survey. Of the Swedish companies, 26 per cent had a good/very good perception of the business climate in France in the 2024 survey, compared to 29 per cent in 2023, and 57 per cent in 2022.

At the same time, neutral perceptions have decreased slightly from 55 per cent in 2023 to 54 per cent in 2024, and the less optimistic perceptions have increased from 13 per cent in 2023 to 18 per cent in 2024. In 2023, the French GDP slowed down significantly. The shift to a less positive perception should be interpreted in light of overall changes in the economy and lower GDP growth. The Global Business Climate Survey, aggregating results from all local surveys, will provide clarity on how well Swedish companies' confidence in the French market is holding up when compared to other markets.

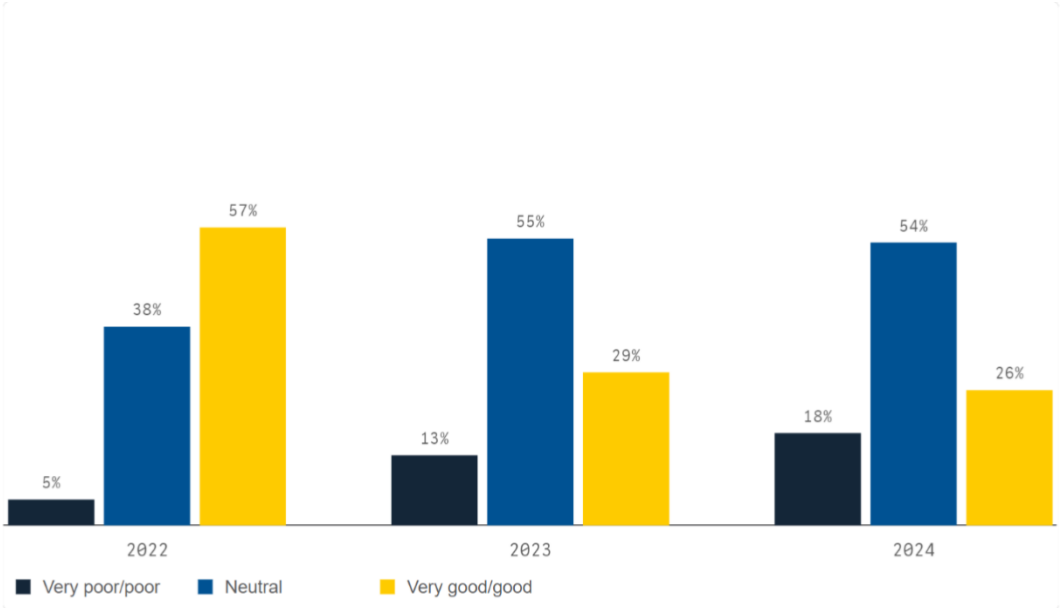
The result from the survey can also be compared to the French Business climate indicator published by the French statistic institution INSEE, compiling business managers' opinions on the market as well as quantitative variables relating to workforce trends, production capacity and investments. INSEE's business climate indicator has been slightly below the long-term average (100) since October 2023, but in March 2024 it recovered to 100 again. There has thus been a downturn that seems to be returning to its normal average.

Breaking down the results by sector reveals that the less optimistic perception is mainly attributed to respondents from the industrial segments, where 24 per cent perceive the market as poor or very poor. Only nine per cent of professional services companies and 16 per cent of the consumer segment hold this view. The professional services segment reports the most positive perception (30 per cent), and the consumer goods segment reports the most neutral view (77 per cent).

When reviewing the responses by company maturity, it is revealed that 20 per cent of the newcomers, 36 per cent of the experienced, and 24 per cent of the mature companies perceive the current business climate in France as very good/good. None of the responding newcomers reported a very poor/poor perception of the business climate, while 24 per cent of mature companies and eight per cent of experienced companies viewed the business climate poorly.

Source: Business France, BNP Paribas, INSEE

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN FRANCE?



NOTE: The number of respondents for this question was 85 for 2024. "Don't know/Not applicable" responses are included but not shown in figure. Response percentages do not add up to 100 as "undecided" answers are excluded in the graph.
SOURCE: Business Climate Survey for Swedish Companies in France 2024.

> **"In both France and in Europe there is a challenge to find the right competence for your business, which impacts how companies can develop their activities on the market(s).**
> **Peter Vikner**
> Managing Director, Gränges Powder Metallurgy SAS

Swedish companies continue to be satisfied with the overall local business environment

Several factors determine if a market's business environment is conductive to success. Swedish companies were asked to evaluate to what degree selected market conditions meet their needs in France. All factors studied were rated above average, and France is assessed to provide business-enabling market conditions to Swedish companies.

Out of the conditions studied, factors that enable safe and efficient operations, such as physical infrastructure and personal safety, score high ratings with 7.5 and 7.4 out of ten, respectively. Other high-performing market conditions include the supply of and access to critical value chain players; Swedish companies indicate that France's supply of distributors, suppliers, and service providers meet the demands of their company to a high extent. These market conditions were rated 7.4, 7.4 and 7.3, respectively.

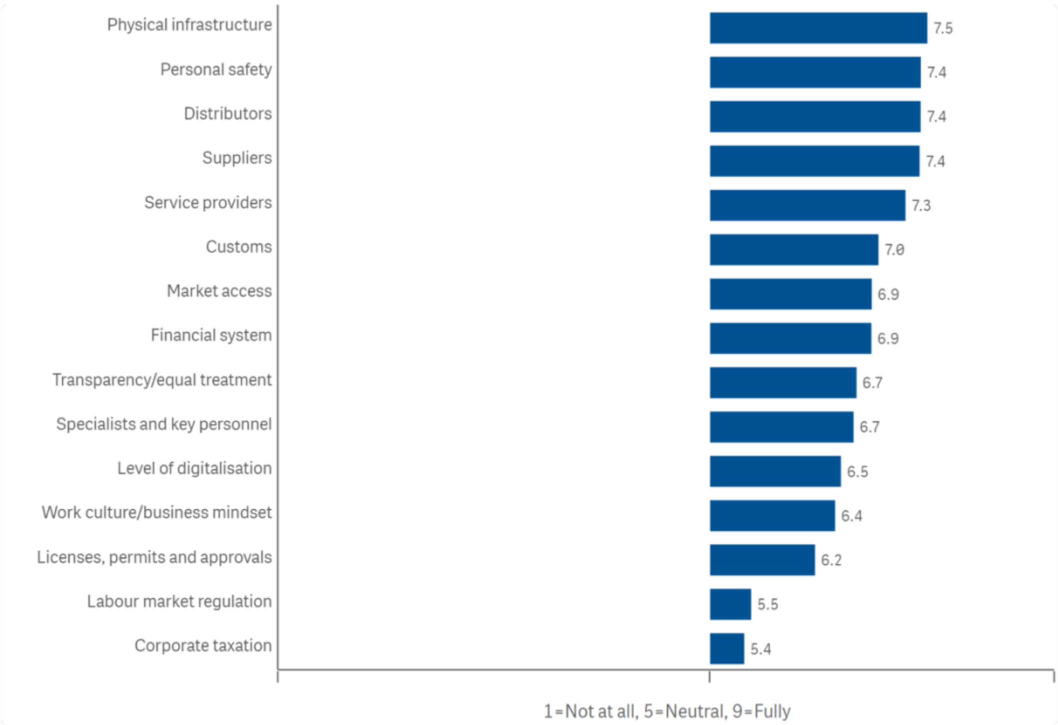
While still performing above average, the lowest scores were given to the French labour market regulation and corporate taxation, scoring 5.5 and 5.4, respectively. This largely reiterates the survey results from last year's business climate survey. While still meeting the needs of the average respondent, the French corporate income tax rate of 25 per cent is still perceived as less-than-ideal. While the rate has progressively decreased from 28 per cent in 2020, it is several percentage units higher than Sweden's corporate income tax of 20.6 per cent.

Similar to last year's survey, France's level of digitalisation also received a moderate satisfaction level of 6.5. Given Sweden's strong position in digitalisation globally, Swedish companies are likely well-positioned within the use (or creation of) digital solutions in various sectors. These results align with the IMDs World Digital Competitiveness 2023 Ranking, in which Sweden was ranked as seventh out of 64 measured countries, in terms of capacity and readiness to adopt and explore digital technologies, compared to France, which was ranked 27th.

Lower scores were also assigned to the French work culture and business mindset (6.4), as well as the conditions pertaining to licenses, permits and approvals (6.2). The later indicate that Swedish companies perceive that there is a slight administrative burden of conducting business in France.

Source: IMD World Digital Competitiveness Ranking 2023, KPMG, République Française

HOW WELL DO THE FOLLOWING CONDITIONS MEET THE NEEDS OF YOUR COMPANY IN FRANCE?

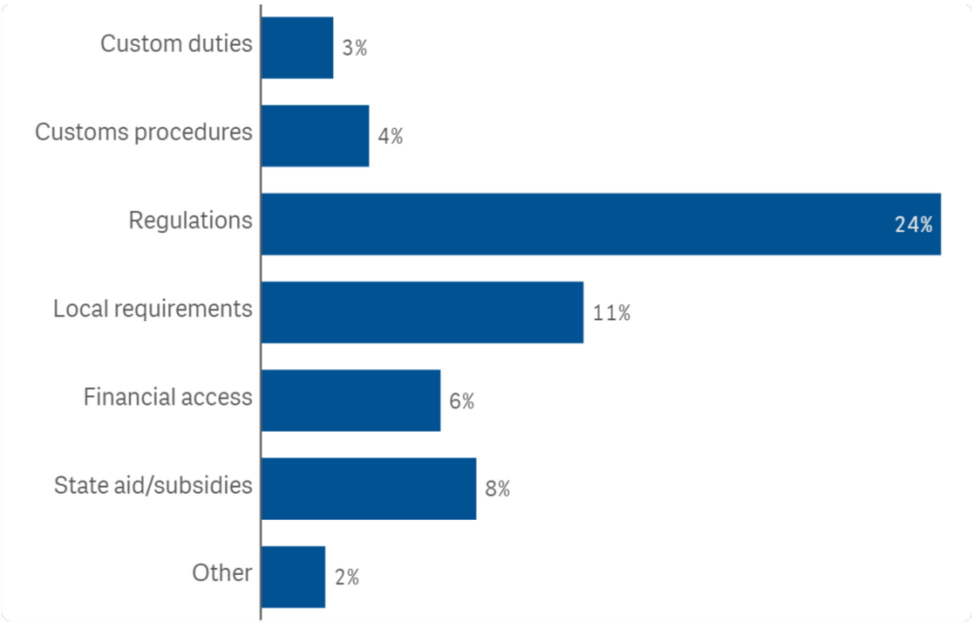


NOTE: The number of respondents for this question was 89.
SOURCE: Business Climate Survey for Swedish Companies in France 2024.

Swedish companies rarely encounter trade barriers but regulations are considered as most challenging

In line with the general positive view of France's business-conductive conditions, most Swedish companies in France do not encounter trade barriers with negative impact on their operations. The main trade barrier that Swedish companies encountered in the past year was related to regulations, with 24 per cent of the respondents indicating this as an issue compared to 13 per cent in the survey from 2023.

HAS YOUR COMPANY IN THE PAST YEAR ENCOUNTERED TRADE BARRIERS IN FRANCE WITH A NOTICEABLY NEGATIVE IMPACT ON OPERATIONS, IN ANY OF THE FOLLOWING AREAS?



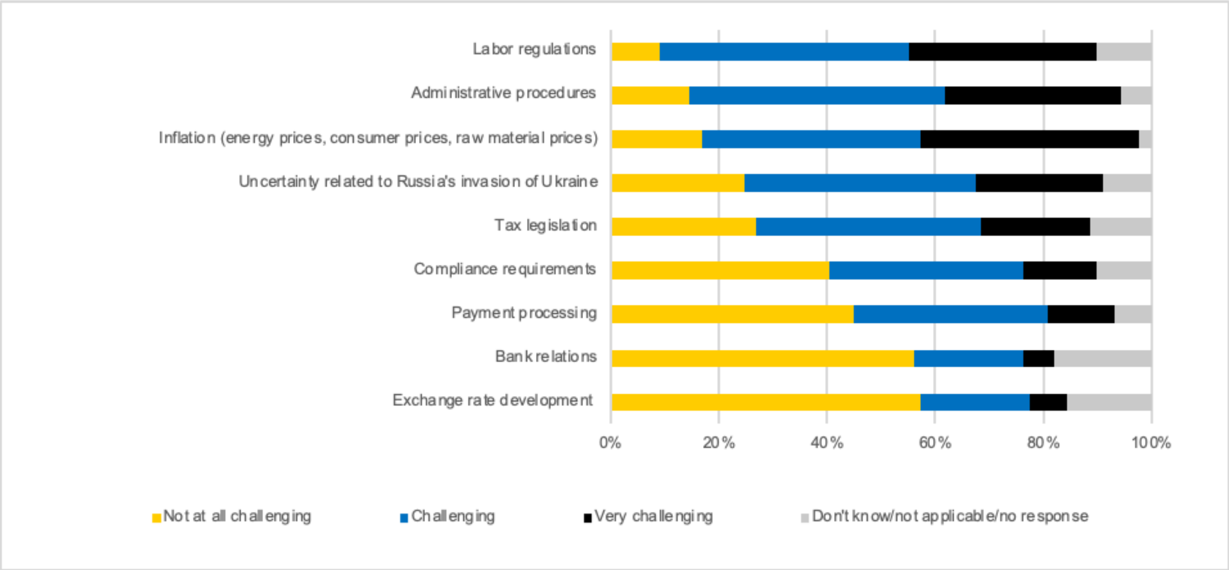
NOTE: The number of respondents for this question was 89.
SOURCE: Business Climate Survey for Swedish Companies in France 2024.

Factors that challenge Swedish businesses in France mainly concern labour regulations, administrative procedures, price inflation and uncertainty related to the consequences of Russia's invasion of Ukraine. However, 80 per cent of the respondents found price inflation to be challenging or very challenging to their business in 2023 compared to 92 per cent in 2022, showing that it has been improving in comparison to the previous year.

Similar to last year, factors that are perceived as least challenging include exchange rate development, bank relations, and payment processing. The Swedish Krona recorded its weakest exchange rate ever against the Euro in August of 2023. It is not unexpected that a depreciation of the Swedish Krona with regards to the Euro can entail a positive impact for Swedish exports to France. The weakness of the Swedish Krona in recent years has been beneficial to many export companies and bolstered Swedish export growth.

Source: Ekonomifakta, SVD, SVT, EKN

WHAT DO YOU CONSIDER PARTICULARLY CHALLENGING FOR YOUR BUSINESS IN FRANCE TODAY?



NOTE: The number of respondents for this question was 89.
SOURCE: Business Climate Survey for Swedish Companies in France 2024.

"France is an important market in Europe, but regulations remain challenging, particularly with regards to labour market policies.
Fabrice Sautière
Managing Director, Roxtec France

When prompted to elaborate on the main factors that influenced their perception of the French Business Climate, a great share of the respondents underlined that France is a very large market offering many great business opportunities, especially in sectors such as defence, aerospace, railway, and renewable energies.

When elaborating on the more challenging aspects, high price inflation, high interest rates, increasing bank rates, shortage of labour, and regressive labour regulations were mentioned as contributing to uncertainty in the French market. Inflation and high interest rates in France were specifically indicated to have slowed down investments and decreased customer’s purchasing power in many sectors. A trend, not only in France but also globally, has been that customers are more cautious about investments, decision processes are longer, and already committed investments tend to sometimes be postponed or reduced. Supply chain disturbances have also put operations under higher pressure.

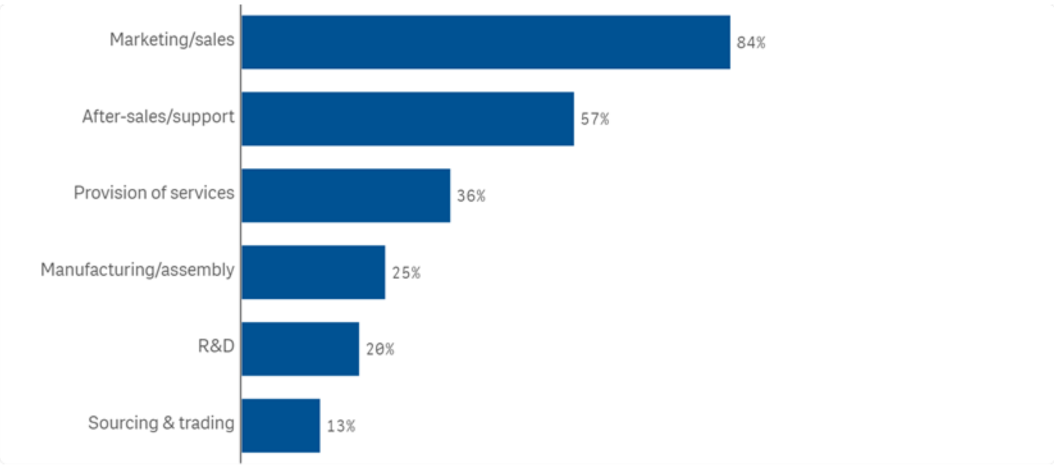
As previously noted, many of these aspects should be considered in a global context in comparison with other countries, as other markets face similar challenges.

HOW SWEDISH COMPANIES SUCCEED IN FRANCE

Marketing and sales activities dominating the local operations

For the fifth year in a row, a vast majority (84 per cent) of companies active in the French market indicate they are involved in marketing and sales activities. Fifty-seven per cent operate in aftersales and support activities, 36 per cent of companies in our sample provide services, 25 per cent undertake manufacturing or assembling activities in France, an additional 20 per cent perform R&D activities, and 13 per cent operate within sourcing & trading.

OPERATIONS OF SWEDISH FIRMS IN THE MARKET

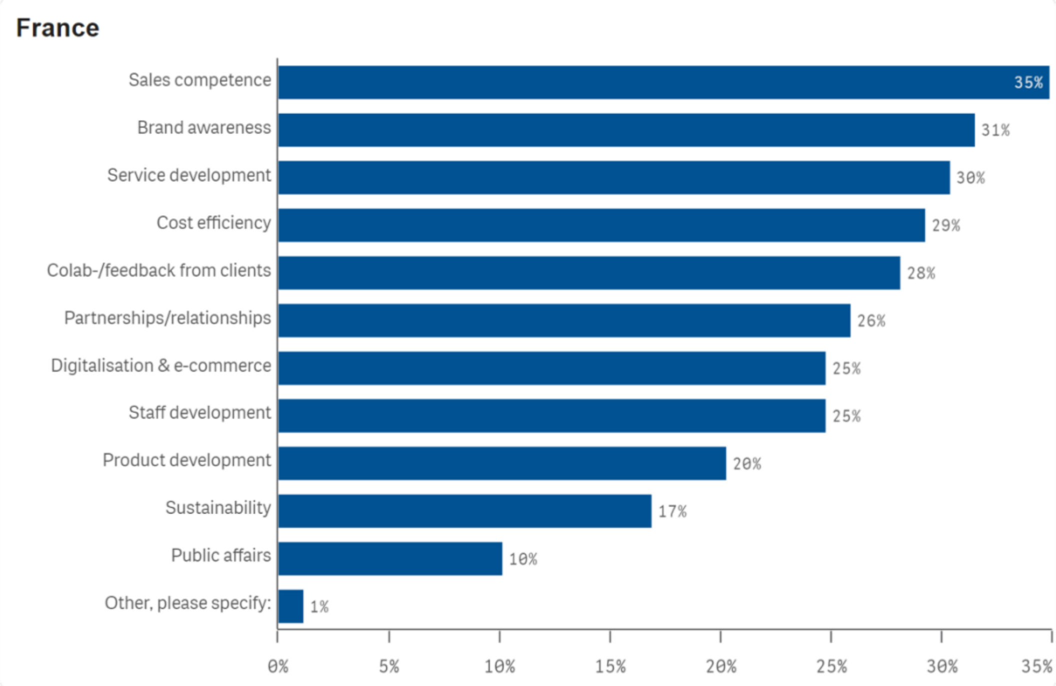


NOTE: The number of respondents for this question was 89. “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in France 2024.

Competitiveness driven by sales competence

Several factors contribute to the strengthening of Swedish companies’ competitiveness in the French market. In line with previous findings, a vast majority of Swedish companies engage in marketing and/or sales operations in France, ranking marketing/sales competence as the most important factor in maintaining competitiveness. Other areas considered important are brand awareness (31 per cent), service development (30 per cent) and cost efficiency (29 per cent). Public affairs, sustainability and product development were rated the lowest.

TO DATE, WHICH OF THE FOLLOWING AREAS HAVE BEEN IMPORTANT IN MAINTAINING COMPETITIVENESS IN FRANCE?



NOTE: The number of respondents for this question was 89. “Don’t know/Not applicable” responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in France 2024.

> **Our competitive edge in France is the technology itself, the strategy to market, and our collaboration with French partners.**
> **Camille Pertusot**
> Head of France, SAAB

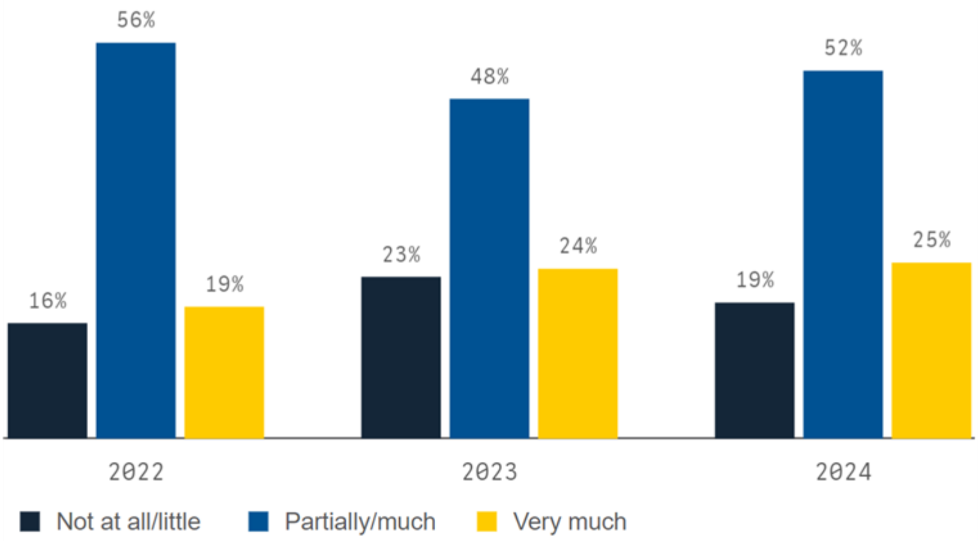
> **Cost effectiveness is important for our clients. Also, innovation and new products are crucial to stay competitive and keep our clients.**
> **Fabrice Sautière**
> Managing Director, Roxtec France

Continuous positive connotations related to the Swedish brand

The French have a very positive view of Sweden and strongly associate the country with high quality in terms of services, management, goods, technical know-how, innovation, and sustainability. Sweden’s reputation in France has been positive for a long time and it goes hand in hand with the overall high degree of trust placed in the Nordic countries. The survey confirms this, with 77 per cent of the participating companies considering that the Swedish brand contributes positively to their businesses. A quarter of Swedish companies operating in France consider that it contributes to the extent “very much”.

As can be seen from the graph below, although the respondents since 2020 have expressed an ongoing downward trend in the importance of the Swedish brand when it comes to how it contributes to their businesses in France, there is a slight increase in 2024. Seventy-seven per cent reported a partial to high impact on their business in France, compared to 72 per cent in 2023 and 75 per cent in 2022.

TO WHAT EXTENT WOULD YOU ESTIMATE THAT THE "SWEDISH BRAND" CONTRIBUTES TO YOUR BUSINESS IN FRANCE?



NOTE: The number of respondents for this question was 88. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in France 2024.

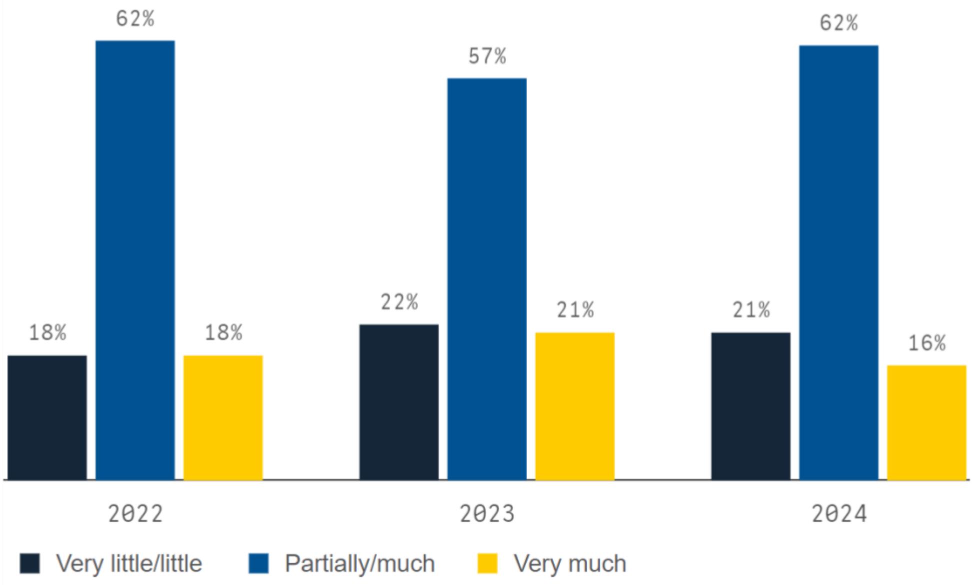
> **"I would say that the Swedish brand has a positive reputation in France and the Swedish brand itself stands for quality.**
> **Henrik Nilsson**
> CEO, GN transport

ACTING SUSTAINABLY

Environmental aspects remain important in customers' purchasing decisions

Sustainability remains important among the respondents' customers in France; a large majority of Swedish companies attest that their customers consider environmental aspects in purchasing decisions. As indicated by the time series in the graph below, the importance of sustainability has not wavered significantly over the last three years. Both in 2024 and 2023, 78 per cent of the respondents expressed that their customers attach value to environmental aspects, however, the customer interest in environmental aspects has decreased somewhat from "very much" to "partially/much" compared to last year's results.

TO WHAT EXTENT DO CUSTOMERS IN FRANCE CONSIDER ENVIRONMENTAL ASPECTS OF A PRODUCT OR SERVICE IN THEIR PURCHASING DECISION?



NOTE: The number of respondents for this question was 86. "Don't know/Not applicable" responses are included but not shown in figure. Response percentages do not add up to 100 as "undecided" answers are excluded in the graph.
SOURCE: Business Climate Survey for Swedish Companies in France 2024.

> **Sustainability is a very important issue for the Gränges Group. It is also important for many of the major stakeholders.**
> **Peter Vikner**
> Managing Director, Gränges Powder Metallurgy SAS

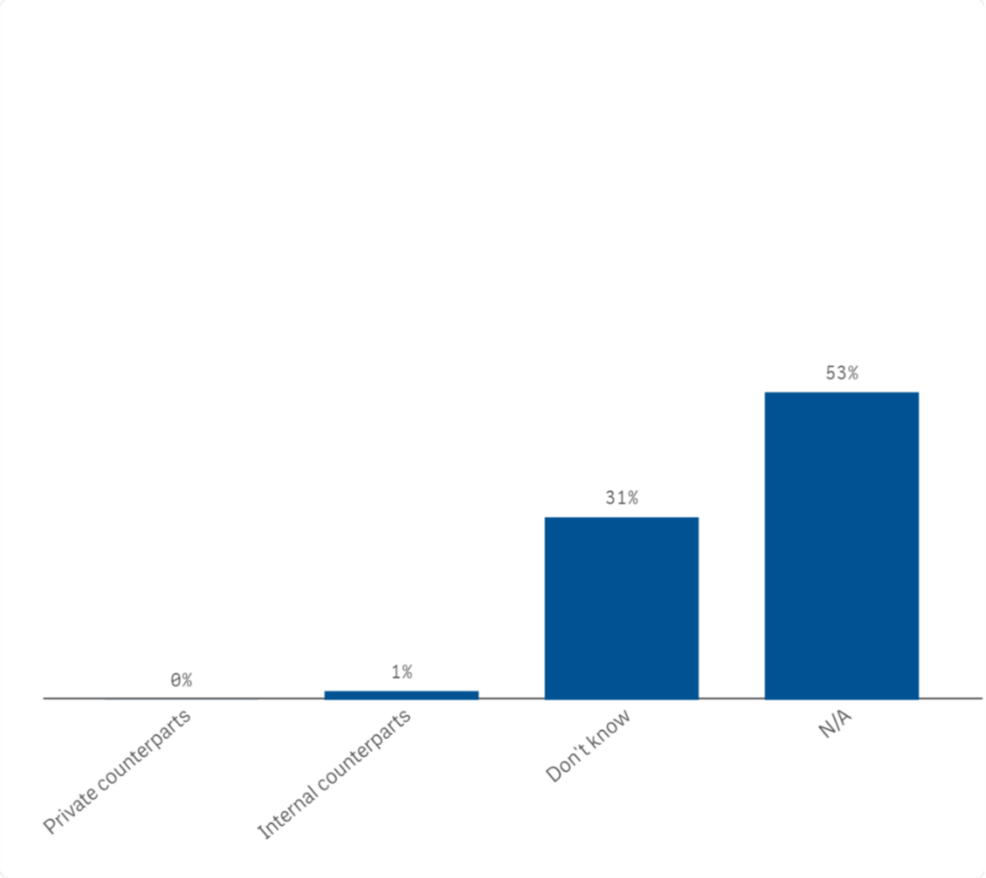
“There are intentions to consider sustainability in the market, but it is also important that products are not too expensive. However, for some clients, sustainability is crucial, so it is not something we can overlook.

Fabrice Sautière
Managing Director, Roxtec France

Almost no Swedish companies report being exposed to corruption in France

When asked whether their companies had been exposed to any cases of corruption, such as attempts of bribery or fraud, very few respondents (one per cent) pointed to this being an issue for their businesses in France. The low level of corruption holds true across company sizes and industries, and it is notable that no cases of corruption were reported by respondents from the professional services segment and from the industrial segment. Among the few respondents in the consumer segment who were exposed to corruption, internal counterparts were reported as the concerned area. These respondents only represented large companies.

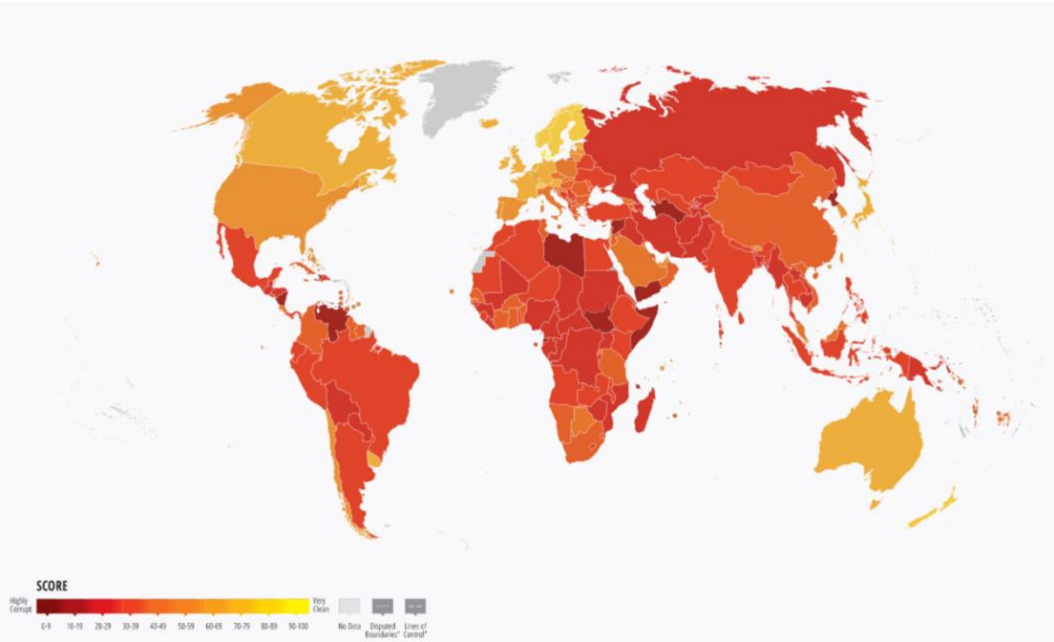
HAS YOUR COMPANY IN FRANCE BEEN EXPOSED TO CORRUPTION, SUCH AS, BUT NOT LIMITED TO, ATTEMPTS OF BRIBERY OR FRAUD IN CONTACTS WITH ANY OF THE FOLLOWING AREAS?



NOTE: The number of respondents for this question was 89. “N/A” represents respondents reporting corruption as not being applicable and “Don't know” indicates that respondents are not aware of any corruption.
SOURCE: Business Climate Survey for Swedish Companies in France 2024.

The low level of corruption perceived in France by the Swedish companies can be compared to the global Corruption Perception Index (CPI) that ranks 180 countries on a scale from zero to one hundred according to the perceived level of corruption in the public sector. France has a relatively low level of corruption and ranked 20th out of the 180 investigated countries.

CORRUPTION PERCEPTION INDEX 2023



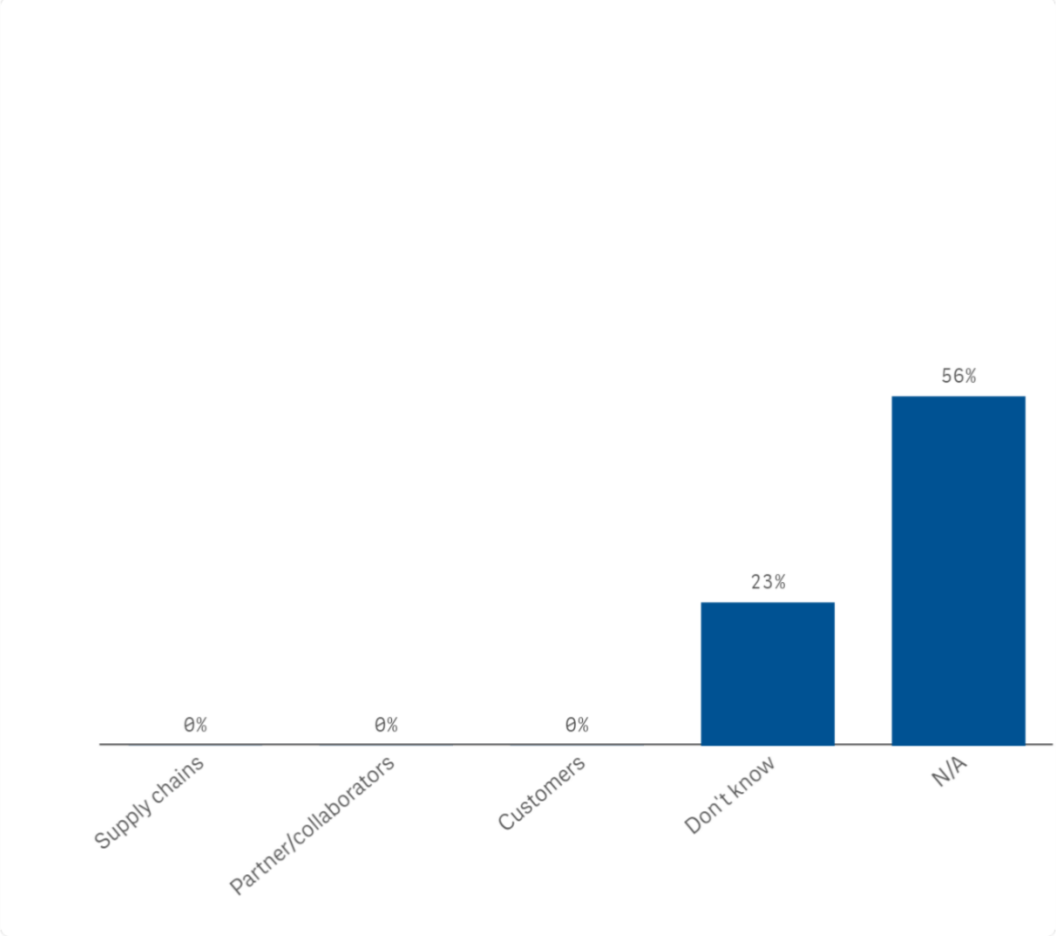
NOTE: The designated territories illustrated in the map do not imply any opinion regarding the legal status of any state or country.
SOURCE: Transparency International.

Swedish companies in France encounter no known instances of human rights or labour rights abuse

Similarly to the results pointing to low levels of corruption in France, the survey has also found that Swedish companies encounter no instances of human rights or labour rights abuse in their operations, be it in their supply chains, in connection to their partners, or among their customers.

Concluding the findings related to corruption and rights abuse, the survey results indicate that France continuously enjoys a good reputation for its low extent of corruption and low levels of human rights and labour rights violations.

HOW DO YOU PERCEIVE THE RISK OF ENCOUNTERING HUMAN RIGHTS VIOLATIONS AND/OR LABOUR RIGHTS ABUSES WHEN CONDUCTING BUSINESS IN FRANCE?



NOTE: The number of respondents for this question was 89. “N/A” represents respondents reporting corruption as not being applicable and “Don't know” indicates that respondents are not aware of any human rights violations and/or labour right abuses.
SOURCE: Business Climate Survey for Swedish Companies in France 2024.

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